

# NEW APPLICATION



0000149899

## BEFORE THE ARIZONA CORPORATION COMMISSION

**BOB STUMP**  
Chairman  
**GARY PIERCE**  
Commissioner  
**BRENDA BURNS**  
Commissioner  
**BOB BURNS**  
Commissioner  
**SUSAN BITTER SMITH**  
Commissioner

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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

**ORIGINAL**

Arizona Corporation Commission  
**DOCKETED**

DEC 16 2013

DOCKETED BY

**IN THE MATTER OF THE  
CORPORATE REORGANIZATION  
OF AFFILIATES QWEST LD  
CORP. AND EMBARQ  
COMMUNICATIONS, INC. AND  
QWEST COMMUNICATIONS  
COMPANY, LLC.**

### DOCKET NOS.

T-04190A-13-0445  
T-20443A-13-0445  
T-02811B-13-0445

**JOINT APPLICATION OF QWEST LD  
CORP., EMBARQ COMMUNICATIONS,  
INC., AND QWEST COMMUNICATIONS  
COMPANY, LLC. FOR A DECLARATORY  
ORDER THAT RULES AAC R14-2-1904 ET  
SEQ. AND AAC R14-2-1107 ARE  
INAPPLICABLE TO THE PLANNED  
REORGANIZATION, OR IN THE  
ALTERNATIVE FOR AN ORDER  
WAIVING APPLICABLE RULES**

Qwest LD Corp. ("QLDC"), Embarq Communications, Inc. ("ECI"), and Qwest Communications Company, LLC ("QCC") (collectively, the "Applicants"), all of which are affiliated by the common ownership and control of their ultimate parent corporation CenturyLink, Inc., hereby notify the Arizona Corporation Commission ("Commission") of a planned corporate reorganization of the Applicants (the "Reorganization") which will proceed under the waiver from the Commission's public utility holding companies and affiliated interests rules granted by the Commission in its Decision No. 74092.<sup>1</sup> The

<sup>1</sup> Under the waiver granted to the Applicants in Decision No. 74092 the Applicants are excused from compliance with AAC R14-2-803, which would otherwise require the Applicants to gain the approval of the Commission. Further, the Applicants are relieved from the statutory requirement in A.R.S. §40-

1 Reorganization will result in the consolidation of QCC, QLDC, and ECI, with QCC as the surviving  
2 entity and provider of telecommunications services now provided by QLDC and ECI. The Applicants  
3 seek (a) a declaratory order that the Commission's "slamming" rules (AAC R14-2-1904 *et seq.*) and the  
4 discontinuation of service rule (AAC R14-2-1107) are inapplicable to the Reorganization described  
5 below, or (b) in the alternative, an order waiving such rules that may apply in order for the surviving  
6 entity QCC to provide the telecommunications services to the customers of QLDC and ECI. The  
7 certificates of convenience and necessity ("CC&Ns") of QLDC and ECI should be extinguished upon  
8 consummation of the Reorganization.

9 In support of this filing, the Applicants state:

#### 10 **I. OVERVIEW OF THE REORGANIZATION**

11 The entities which are merging are all subsidiaries of CenturyLink, Inc. Currently, QCC is  
12 authorized to provide interexchange telecommunications ("IXC") services and competitive local  
13 exchange ("CLEC") services in the State of Arizona.<sup>2</sup> QLDC and ECI are authorized to provide IXC  
14 services, but not CLEC services.<sup>3</sup> The Reorganization will consolidate the Joint Applicants into the  
15 surviving entity QCC, which will be a first tier subsidiary of CenturyLink, Inc. QCC, which currently  
16 operates under the d/b/a "CenturyLink QCC", will change its legal name to CenturyLink  
17 Communications, LLC on or about the same time as the Reorganization closes.

18 Ultimate ownership and control of Applicants and of the surviving entity by CenturyLink, Inc.  
19 will be unchanged as a result of the Reorganization.

20 The Reorganization will reduce the number of internal corporate IXC entities in Arizona and will  
21 simplify operations. Specifically, through a series of internal corporate transactions, QCC, currently an

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22 285(D) regarding Commission approval of stock transfers of public service corporations, because of  
23 newly enacted subsection ARS §40-285(E). Subsection E provides that the statute does not apply to a  
24 telecommunications corporation whose retail services have been classified as competitive. All of the  
25 services of the Applicants involved in the Reorganization are within the competitive classification.

<sup>2</sup> QCC: T-02811B-94-0352 (interexchange services); T-02811B-04-0313 (competitive local exchange services).

<sup>3</sup> Qwest LD Corp., T-04190A-03-0464; Embarq Communications, Inc., T-20443A-06-0112.

1 indirect subsidiary of CenturyLink, Inc., becomes a direct wholly-owned subsidiary of CenturyLink, Inc.  
2 After QCC becomes a direct subsidiary of CenturyLink, Inc., the IXC affiliates of CenturyLink, Inc.  
3 merge into QCC, liquidating and distributing assets and liabilities to QCC. Upon consummation of the  
4 Reorganization, the customers of QLDC and ECI will be customers of QCC and QCC becomes their  
5 service provider. The effective date ("Effective Date") of the Reorganization is planned to be April 1,  
6 2014.

7 A rational internal reorganization of these affiliated IXC entities is in the public interest. The  
8 proposed restructuring will decrease the number of certificated entities subject to the Commission's  
9 oversight and consolidate these certificated entities into one company subject to the Commission's  
10 jurisdiction. As a result, QCC will face reduced administrative burdens and compete more efficiently  
11 than the multiple entities do under their current structure. QCC will be the only CenturyLink, Inc.  
12 affiliate with both CLEC and IXC certificates of public convenience in all 50 states, the District of  
13 Columbia, and Puerto Rico. The Reorganization does not involve the customers or operations of the  
14 incumbent local exchange carrier (ILEC) Qwest Corporation.

15 The Reorganization involves several interrelated steps which all will be deemed to occur on the  
16 Effective Date. The steps also involve some wholly-owned affiliates which do not provide  
17 telecommunications services and do not hold a CC&N in Arizona, but which are currently part of the  
18 corporate structure which will be streamlined in the Reorganization.

## 19 II. NO IMPACT ON CUSTOMERS

20 The proposed internal corporate transactions will be transparent to Applicants' customers. There  
21 will be no change in the rates and other terms and conditions of the services available to the Applicants'  
22 respective customers as a result of the internal corporate transactions. CLEC and IXC services will  
23 continue to be provided pursuant to the same contracts or tariff provisions currently in place. There will  
24 be no change in the Commission's oversight of the merged entities' intrastate telecommunications  
25

1 operations. QCC and its subsidiaries and affiliates are committed to ensuring that the internal  
2 Reorganization described in this Application is transparent to customers.

3 The Applicants' each provision service to customers under the "CenturyLink" brand.  
4 "CenturyLink," without further corporate entity designation, is already the company brand identified to  
5 all customers and in public facing materials. Bills are prominently identified as coming from  
6 CenturyLink,<sup>4</sup> the website for the entire company is identified as CenturyLink, and call centers are  
7 identified as CenturyLink. The Reorganization will not change the brand, the services, or the access and  
8 interactions the customers have with the company. The customers of QCC, as well as the customers of  
9 ECI or QLDC to be transferred to QCC, will not experience a change in how they order service, order  
10 repair, or receive or pay their bills. Customers will be billed by QCC (which will be named  
11 CenturyLink Communications, LLC), in the CenturyLink bill, just as customers are currently billed now  
12 for the Applicants that are being consolidated into QCC.

13 As addressed above, the rates, terms and conditions of service provided by these certificated  
14 IXCs and QCC will not change as a result of the proposed transaction. The rates for the IXC services  
15 are set out in tariffs and price lists maintained by the affected entities, and the same rates will be  
16 extended to the Applicants' customers in the QCC (to be known as CenturyLink Communications, LLC)  
17 tariffs and price lists upon the Effective Date. Services provided under contract will continue to be  
18 provided under the terms of the existing contracts.

19 For the reasons described above, the Reorganization will be transparent to the customers. While  
20 the customers will not experience changes to their services, terms, conditions, rates, or access to the  
21 service provider, prior to the Effective Date the Applicants will notify customers that the legal entity  
22 providing services will be CenturyLink Communications, LLC.

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23 <sup>4</sup> A CenturyLink combined bill for local and long distance service is conspicuously branded  
24 "CenturyLink" although the long distance portion of the bill identifies the corporate name of the long  
25 distance provider. After the Effective Date, the bill will still present the overall look and feel of the  
"CenturyLink" brand, and the long distance service provider will be CenturyLink Communications,  
LLC.

1           **III. THE COMMISSION SHOULD DECLARE THAT ITS “SLAMMING” AND**  
2           **SERVICE DISCONTINUANCE RULES DO NOT APPLY IN THESE**  
3           **CIRCUMSTANCES**

4           The Applicants respectfully submit that the Commission’s “slamming” rules (AAC R14-2-1904  
5 et seq.) and the discontinuation of service rule (AAC R14-2-1107) are inapplicable to the  
6 Reorganization described above, because of the following circumstances:

- 7           • The Reorganization is entirely between and among affiliates that are wholly-owned and  
8 controlled by a common parent corporation. There is no change of control of the merging  
9 entities or of the parent corporation.
- 10          • The services provided by the merging entities will continue to be provided, with no  
11 change to the terms and conditions and no change to the rates and charges.
- 12          • The Reorganization does not change the Commission’s regulatory authority over the  
13 services or the service provider.
- 14          • The surviving service provider’s authority (CC&N) already covers the full range of  
15 services provided by the merged entities.
- 16          • The Reorganization will be transparent to customers, for the reasons described in  
17 sections I and II above.

18 In these circumstances, although the Reorganization changes the legal entity providing service to some  
19 customers, the effect is no different than a mere name change of a service provider.

20           The change of the service provider, in circumstances such as these in which there are no  
21 customer-impacting changes whatsoever, are outside of the logical scope of the Commission’s  
22 “slamming” rule. The Commission may take guidance from the FCC. On May 15, 2001, the FCC  
23 issued an order amending its carrier change rules to provide a streamline process for compliance with  
24 Section 258 of the Communications Act of 1934, as amended by the Telecommunications Act of 1996.<sup>5</sup>  
25 The Order states that “a change in corporate structure that is invisible to the affected subscribers does

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26 <sup>5</sup> *In the Matter of 2000 Biennial Review – Review of Policies and Rules Concerning Unauthorized*  
27 *Changes of Consumers’ Long Distance Carriers; Implementation of the Subscriber Carrier Section*  
28 *Changes Provisions of the Telecommunications Act of 1996; Policies and Rules Concerning*  
29 *Unauthorized Changes of Consumers Long Distance Carriers*, First Report and Order in CC Docket No.  
30 00-257, Fourth Report and Order in CC Docket No. 94-129, 16 FCC Rcd 11218 (2001).

1 not constitute a sale or transfer for purposes of Section 258 that implicates this streamline process.”<sup>6</sup>

2 Consistent with this FCC decision, it would be appropriate for the Commission to declare that its  
3 slamming rule does not apply here.

4 For the same reasons, the Applicants respectfully submit that AAC R14-2-1107, which governs a  
5 telecommunications company’s discontinuance of competitive local exchange or interexchange services  
6 in the state, does not apply to the circumstances of this Reorganization. In this Reorganization, as  
7 described above, there is unbroken continuity of service, with (1) the same network and facilities  
8 currently in place, (2) the same rates, terms and conditions, (3) the same billing process, and (4) the  
9 same access to customer service that are currently in place, all under the umbrella of the same parent  
10 corporation.<sup>7</sup>

11 Further customer notice or customer approval requirements that the Commission might apply in  
12 other circumstances, should not apply in the circumstances of this Application, for the reasons stated  
13 above. In connection with this Reorganization, the Applicants respectfully request that the Commission  
14 deem inapplicable the slamming rule and service discontinuation rule and such other Commission  
15 subscriber notice, subscriber authorization, and Commission approval requirements that may pertain.

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22 <sup>6</sup> *Id.* at ¶13, n.24 (“indeed, in such cases, required notice of a change that is imperceptible to the affected  
23 subscribers might cause confusion where there would otherwise be none.”).

24 <sup>7</sup> Commission Staff has previously come to this same conclusion. *See* Docket No. T-03761A-04-0710,  
25 Addendum to Staff Report (Dec. 27, 2004) (stating “Staff does not believe that the transfer of certain  
customers qualifies as a discontinuance of service or an abandonment of any portion of its service area.  
Therefore, Staff does not believe that AAC R14-2-1107 applies.”).

1           **IV.    IN THE ALTERNATIVE, SHOULD THE COMMISSION DECLINE TO**  
2           **DECLARE THAT ITS SLAMMING AND SERVICE DISCONTINUANCE**  
3           **RULES DO NOT APPLY IN THE CIRCUMSTANCES PRESENTED, THE**  
              **COMMISSION SHOULD GRANT WAIVERS OF THOSE RULES FOR**  
              **THIS REORGANIZATION**

4           Should the Commission deny the Applicants' request for declarations that the slamming rules or  
5 the service discontinuance rules do not apply in the circumstances presented by this Reorganization, the  
6 Applicants respectfully request that the Commission grant waivers of those rules in their entirety.

7           If necessary, Applicants request that the Commission grant a waiver of AAC R14-2-1904 *et seq.*  
8 As noted above, customers will be notified of the Reorganization. Under the circumstances of this  
9 Reorganization, the protections afforded by the rules regarding unauthorized carrier changes would not  
10 be meaningful to the customers or practically possible. More fundamentally, the Reorganization simply  
11 does not present the kind of carrier change that the slamming rule was designed to regulate, and it would  
12 be contrary to the public interest to refuse a waiver of the rule. Strict application of the rule would work  
13 to substantially delay the process and increase the expense to the Applicants with no meaningful  
14 customer benefit.

15          If necessary, Applicants request that the Commission grant a waiver of AAC R14-2-1107, for  
16 much the same reasons as are presented above in regard to the waiver of the slamming rule. The  
17 ultimate reason is that no service is being discontinued, and strict application of the rule would work to  
18 substantially delay the process and increase the expense to the Applicants with no meaningful customer  
19 benefit.


20          Further customer notice or customer approval requirements that the Commission might apply in  
21 other circumstances, should not apply in the circumstances of this Application, for the reasons stated  
22 above. In connection with this Reorganization, the Applicants respectfully request that the Commission  
23 deem inapplicable or waive the slamming rule and service discontinuation rule as requested above, and  
24 such other Commission subscriber notice, subscriber authorization, and Commission approval  
25 requirements that may pertain.

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Because the Reorganization results in the need for literally thousands of pages of tariff filings nationwide, the Applicants respectfully request that QCC (to be named CenturyLink Communications, LLC) be allowed 6 months from the closing to file tariffs that conform to and embody the rates of the merged entities QLDC and ECI, in order to fulfill the intention that customer's rates, terms and conditions of service are not changed. In the interim between the closing of the Reorganization and the filing of the new tariff pages, the Applicants respectfully request that the Commission order provide that QCC shall honor the tariffs of QLDC and ECI as if they were issued by QCC, until QCC files its conforming tariffs under its revised legal name CenturyLink Communications, LLC.

WHEREFORE, for the reasons set forth above, Applicants request the Commission declare that the Commission's "slamming" rules (AAC R14-2-1904 *et seq.*) and the discontinuation of service rule (AAC R14-2-1107) are inapplicable to the Reorganization described below, or in the alternative, waive such rules that may apply, to that the Reorganization may proceed.

RESPECTFULLY SUBMITTED this 16<sup>th</sup> day of December, 2013.

  
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1 ORIGINAL and 13 copies hand-delivered  
2 for filing this 16<sup>th</sup> day of December, 2013, to:

3 Docket Control  
4 ARIZONA CORPORATION COMMISSION  
5 1200 West Washington Street  
6 Phoenix, AZ 85007

7 COPY of the foregoing hand delivered  
8 this 16<sup>th</sup> day of December, 2013, to:

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